

**Gore Township
Port Hope, MI**

Huron County

**FINANCIAL REPORT
March 31, 2008**

Gore Township

Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1 - 2
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3 - 4
Management's Discussion and Analysis	5 - 8
<u>General Purpose Financial Statements:</u>	
Statement of Net Assets	9
Statement of Activities	10
<u>Fund Financial Statements:</u>	
Combined Balance Sheet All Fund Types and Account Groups	11
Combined Statement of Revenue, Expenditures and Changes in Fund Balances - All Governmental Fund Types	12
Reconciliation of Fund Balances of Governmental Funds to Net Assets of Government Activities	13
Reconcile of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to the Financial Statements	15 - 20
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedule - General Fund	21
<u>Additional Supplemental Information:</u>	
General Fund Schedule of Revenues	22
General Fund Schedule of Expenditures	23
Agency Fund Statement of Changes in Assets and Liabilities	24

Midwest Accounting, P.C.
101 N Port Crescent St
Bad Axe, MI 48413
989-269-9966

Independent Auditor's Report

To the Township Board
Gore Township
Port Hope, MI 48468

We have audited the accompanying general purpose financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Gore Township as of and for the year ended March 31, 2008, which collectively comprise the basic financial statements of the Gore Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gore Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2008, on our consideration of Gore Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gore Township's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Midwest Accounting, P.C.

Midwest Accounting, P.C.
September 17, 2008

Midwest Accounting, P.C.
101 N Port Crescent St
Bad Axe, MI 48413
989-269-9966

**Report on Internal Control Over Financial Reporting and Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Township Board
Gore Township
Port Hope, MI 48468

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gore Township as of and for the year ended March 31, 2008, which collectively comprise Gore Township's basic financial statements and have issued my report thereon dated September 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gore Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gore Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gore Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Gore Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Gore Township's financial statements that is more than inconsequential will not be prevented or detected by Gore Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Gore Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gore Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Township Board, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.

Midwest Accounting, P.C.

Midwest Accounting, P.C.
September 17, 2008

Gore Township Management's Discussion and Analysis

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on March 31, 2008. Please read it in conjunction with the township's financial statements, which immediately follow this section.

Financial Highlights

The 2007/08 fiscal years resulted in a Fund Balance in the General Fund of \$93,255.45. This was an expected result for the Township. The Fund Balances were slightly higher than was originally budgeted.

In total, Township revenues exceeded \$96,585.82 for the fiscal year ended March 31, 2008. Spending over the same time period was \$64,549.42. In both cases that was an increase of \$45,033.53 over fiscal 2006 for revenues and a decrease of \$4,476.02 for spending.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information.

Government-Wide Statements

The Government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets - the difference between the Township assets and liabilities - are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township include one category:

Governmental Activities - Most of the Township's basic services are included here, such as public safety, public works, and general administration. Property taxes, state-shared revenue, and charges for services provided most of the funding.

Gore Township Management's Discussion and Analysis

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending for particular purposes:

Some funds are required by State law and by bond covenants.

The Township establishes other funds to control and manage money for particular purposes.

The Township has one type of fund:

Governmental Funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Gore Township Management's Discussion and Analysis

Financial Analysis of the Township as a Whole

Net Assets

Township net assets increased during the fiscal 2008. Township assets were fully depreciated.

Greenleaf Township

	<u>2008</u>
Current and other Assets	\$ 93,816.58
Capital Assets, Less Accumulated Depreciation	<u>10.00</u>
Total Assets	\$ 93,826.58
Other Liabilities	<u>561.13</u>
Total Liabilities	\$ 561.13
<u>Net Assets:</u>	
Invested in Capital Assets net of Related Debt	\$ 10.00
Unrestricted	<u>93,255.45</u>
Total net Assets (deficit)	<u>\$ 93,265.45</u>

Changes in Greenleaf Township Net Assets

	<u>2008</u>
<u>Revenues</u>	
Operating Grants	\$ 0
<u>General Revenues</u>	
Property Taxes	59,501.66
State Revenue Sharing	9,562.00
Gargabe Collections	24,065.76
Investment Earnings	2,173.09
Other	<u>1,283.31</u>
Total Revenues	\$ 96,585.82
<u>Expenses</u>	
General Government	\$ 15,155.71
Public Safety	5,979.83
Public Works	11,527.56
Other	31,886.32
<u>Business Type Activities</u>	
Unallocated Depreciation	<u>0.00</u>
Total Expenses	<u>\$ 64,549.42</u>
Increase in Net Assets	<u>\$ 32,036.40</u>

Gore Township Management's Discussion and Analysis

Governmental Activities

Revenues for governmental activities totaled \$96,585.82 in 2008. A total of \$59,501.66 was in the form of property tax collections, a increase of \$41,729.65 over 2006. The increase in revenue was primarily due to a road tax levy in the current year that wasn't in place during fiscal 2006 and the increase in tax base. State-shared revenues continue to be of concern. While it provided \$9,562.00, we are uncertain what will happen in 2008 given the State's financial difficulties.

Financial Analysis of the Township's Funds & Budgets

The General Fund ended 2008 with a fund balance of \$93,255.45. Several factors affected operating results. Total revenues in the General Fund of \$96,585.82 exceeded expenditures of \$64,549.42 by \$32,036.40.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent expenditures from exceeding the budget. With that in mind, the General Fund expenditures were 98 percent of budget. With the exception of the previously mentioned items, no major General Fund areas were significantly under or over budget.

Capital Assets and Debt

The Township did not make any capital purchases during the year.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was not aware of any areas that could have a major impact on the 2007-2008 fiscal year and subsequent years.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact in writing the Business Office, Gore Township, Pochert Road, Port Hope, MI 48468.

Gore Township
Statement of Net Assets
March 31, 2008

Assets

Current Assets

Cash and Investments	\$ 83,042.71
Taxes and Accounts Receivable	<u>10,773.87</u>
Total Current Assets	<u><u>93,816.58</u></u>

Property and Equipment

Land	10.00
Building	16,000.00
Furniture and Equipment	500.00
Less Accumulated Depreciation	<u>(16,500.00)</u>
Net Property and Equipment	<u>10.00</u>

Total Assets	<u><u>\$ 93,826.58</u></u>
---------------------	----------------------------

Liabilities and Net Assets

Current Liabilities

Accrued Payroll and Taxes	<u>561.13</u>
Total Current Liabilities	<u>561.13</u>

Long - Term Liabilities

Total Liabilities	<u>561.13</u>
--------------------------	---------------

Net Assets

Invested in capital assets net of related debt	10.00
Unrestricted	<u>93,255.45</u>
Total Net Assets	<u>93,265.45</u>

Total Liabilities and Net Assets	<u><u>\$ 93,826.58</u></u>
---	----------------------------

The accompanying notes are an integral part of the financial statements

Gore Township
Statement Of Activities
For the Year Ended March 31, 2008

Governmental Activities

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Program Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Assets</u>
Governmental Activities				
General Government	\$ 15,155.71	\$ 0.00	\$ 0.00	\$ (15,155.71)
Public Safety	5,979.83	0.00	0.00	(5,979.83)
Public Works	11,623.56	35,105.49	0.00	23,481.93
Sanitation	23,631.36	24,065.76	0.00	434.40
Other	8,158.96	0.00	0.00	(8,158.96)
Total Governmental Activities	<u>\$ 64,549.42</u>	<u>\$ 59,171.25</u>	<u>\$ 0.00</u>	<u>(5,378.17)</u>
General Revenues				
Property Taxes General				24,396.17
State Revenue Sharing				9,562.00
Investment Earnings				2,173.09
Other				1,283.31
Total General Revenues				<u>37,414.57</u>
Change in Net Assets (Deficit)				32,036.40
Net Assets Beginning of Year				<u>61,229.05</u>
Net Assets End of Year				<u>\$ 93,265.45</u>

The accompanying notes are an integral part of the financial statements

Gore Township
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2008

	<u>Governmental</u> <u>Fund Types</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Total</u>
	<u>General</u>	<u>Agency</u> <u>Fund</u>	<u>(Memorandum</u> <u>Only)</u>
Assets			
Cash and Investments	\$ 83,042.71	\$ 0.00	\$ 83,042.71
Taxes Receivable	10,773.87	0.00	10,773.87
Total Assets	<u>\$ 93,816.58</u>	<u>\$ 0.00</u>	<u>\$ 93,816.58</u>
Liabilities and Fund Equity			
Liabilities			
Salaries and Fringes Payable	561.13	0.00	561.13
Total Liabilities	<u>561.13</u>	<u>0.00</u>	<u>561.13</u>
Fund Equity			
Unreserved	93,255.45	0.00	93,255.45
Total Fund Equity	<u>93,255.45</u>	<u>0.00</u>	<u>93,255.45</u>
Total Liabilities and Fund Equity	<u>\$ 93,816.58</u>	<u>\$ 0.00</u>	<u>\$ 93,816.58</u>

The accompanying notes are an integral part of the financial statements

Gore Township
Combined Statement of Revenue, Expenditures and
Change in Fund Balance - All Governmental Fund Types
For the Year Ended March 31, 2008

	<u>Governmental</u> <u>Fund Types</u> <u>General</u>	<u>Total</u> <u>Memorandum</u> <u>Only</u>
Revenues		
Property Taxes	\$ 24,396.17	\$ 24,396.17
State Revenue Sharing	9,562.00	9,562.00
Garbage Collections	24,065.76	24,065.76
Property Taxes Roads	35,105.49	35,105.49
Interest	2,173.09	2,173.09
Miscellaneous	<u>1,283.31</u>	<u>1,283.31</u>
Total Revenues	<u>96,585.82</u>	<u>96,585.82</u>
Expenditures		
General Government	15,155.71	15,155.71
Public Safety	5,979.83	5,979.83
Public Works	11,623.56	11,623.56
Other	<u>31,790.32</u>	<u>31,790.32</u>
Total Expenditures	<u>64,549.42</u>	<u>64,549.42</u>
Excess of Revenues over Expenditures	32,036.40	32,036.40
Other Financing Sources (Uses)		
Operating Transfers in	0.00	0.00
Operating Transfers out	<u>0.00</u>	<u>0.00</u>
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>
Excess of Revenues and Other Sources Over(Under)Expenditures and Other Uses	32,036.40	32,036.40
Fund Balance at Beginning of Year	<u>61,219.05</u>	<u>61,219.05</u>
Fund Balance at End of Year	<u>\$ 93,255.45</u>	<u>\$ 93,255.45</u>

The accompanying notes are an integral part of the financial statements

Gore Township
Reconciliation of Fund Balances of Government Funds
to Net Assets of Government Activities
For the Year Ended March 31, 2008

Fund Balances Total Governmental Funds	\$ 93,255.45
---	--------------

Amounts reported for governmental activities in the statement of activities are different because

Capital assets used in governmental activities are not financial resources expenditures in the year incurred and are not reported in the funds

Land	16,510.00
Less Accumulated Depreciation	(16,500.00)

Debt is not recorded in governmental funds until it is paid

Notes Payable End of Year	<u>0.00</u>
---------------------------	-------------

Net Assets of Governmental Activities	<u>\$ 93,265.45</u>
--	----------------------------

The accompanying notes are an integral part of the financial statements

Gore Township
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

Net Change in Fund Balances Total Governmental Funds \$ 32,036.40

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures in the year incurred and depreciation is recorded for assets in the statement of activities

Capital Outlay 0.00

Accrued Interest on long-term debt is recorded in the statement of activities when incurred it is not recorded in governmental funds until it is paid

Accrued Interest Payable Beginning of Year 0.00

Accrued Interest Payable End of Year 0.00

Other 0.00

Proceeds and repayments of principal on long-term debt are revenues and expenditures in the government funds, but not in the statement of activities

Proceeds from new Debt 0.00

Change in Net Assets of Governmental Activities \$ 32,036.40

The accompanying notes are an integral part of the financial statements

Gore Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies:

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

A. Reporting Entity

The Local Governmental Unit is governed by an elected council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Government reports the following major governmental fund:

The general fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

Gore Township
Notes to Financial Statements
March 31, 2008

Other Non-Major Funds

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Government accounts for its major and local street activities in the special revenue funds.

Fiduciary Funds

The Agency Fund is used to account for assets held as an agent for others.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Gore Township
Notes to Financial Statements
March 31, 2008

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payable's

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

Gore Township
Notes to Financial Statements
March 31, 2008

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over its' estimated useful life.

Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Gore Township
Notes to Financial Statements
March 31, 2008

Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented in the fund financial statements.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township. Commitments outstanding at the year end are charges against the subsequent year's appropriation once received and approved.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

Note 2 - Stewardship, Compliance, and Accountability:

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for all Government Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Government to have its budget in place by the beginning of its fiscal year. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits governments to amend their budgets during the year. During the year, the budget was amended in a permissible manner. There were no significant amendments during the year.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Government incurred expenditures in certain budgeted funds which were in excess of the amounts budgeted, as shown in the statements of Actual vs Budget.

Gore Township
Notes to Financial Statements
March 31, 2008

Note 3 - Deposits and Investments:

Deposits

The Government's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Government's deposits was \$1,370.50 and the bank balance was \$1,370.50.

Investments

State statutes authorize the Government to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchased obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds. As of March 31, 2008, the Government investments consisted of certificates of deposit and Money Market Funds which the carrying amount and the bank balance was \$81,672.21.

The total Government cash and investments amounted to \$83,042.71 as of March 31, 2008 and \$83,042.71 was covered by Federal Depository Insurance.

Note 4 - Receivables:

Receivables as of year end for the governments individual major funds and the other non major funds in the aggregate are shown in the respective statements.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Note 5 - Employee Retirement and Benefits Systems:

The Township does not provide Employee Retirement and Benefits.

Note 6 - Contingent Liabilities:

Contingent Liability - Unemployment Compensation Costs

The Government has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Government employees by the Michigan unemployment fund must be reimbursed by the Government on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Government becomes liable to the State of Michigan for unemployment benefits paid.

Required Supplemental Information

Gore Township
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

	<u>General Fund</u>				
			<u>Variance</u>		<u>Variance</u>
			<u>Original</u>		<u>Actual</u>
			<u>Compared to</u>		<u>Compared to</u>
			<u>Final</u>		<u>Final</u>
	<u>Original</u>	<u>Final</u>	<u>Increase</u>	<u>Actual</u>	<u>Favorable</u>
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>		<u>(Unfavorable)</u>
Revenues					
Taxes-Current	\$ 53,200.00	\$ 57,416.00	\$ 4,216.00	\$ 59,501.66	\$ 2,085.66
State Sources	10,500.00	9,562.00	(938.00)	9,562.00	0.00
Garbage Collections	23,700.00	23,400.00	(300.00)	24,065.76	665.76
Other	2,245.00	2,208.00	(37.00)	1,283.31	(924.69)
Interest	250.00	212.00	(38.00)	2,173.09	1,961.09
Total Revenues	<u>89,895.00</u>	<u>92,798.00</u>	<u>2,903.00</u>	<u>96,585.82</u>	<u>3,787.82</u>
Expenditures					
General Government	14,014.53	14,926.53	912.00	15,155.71	(229.18)
Public Safety	6,050.00	6,050.00	0.00	5,979.83	70.17
Public Works	11,100.00	11,700.00	600.00	11,623.56	76.44
Other	37,540.00	33,236.00	(4,304.00)	31,790.32	1,445.68
Total Expenditures	<u>68,704.53</u>	<u>65,912.53</u>	<u>(2,792.00)</u>	<u>64,549.42</u>	<u>1,363.11</u>
Excess of Revenues over Expenditures	<u>21,190.47</u>	<u>26,885.47</u>	<u>(5,695.00)</u>	<u>32,036.40</u>	<u>5,150.93</u>
Other Financing Sources (Uses)					
Operating Transfers in	0.00	0.00	\$ 0.00	0.00	0.00
Operating Transfers out	<u>0.00</u>	<u>0.00</u>	<u>\$ 0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess of Revenues and Other Sources Over(Under)Expenditures and Other Uses	<u>\$ 21,190.47</u>	<u>\$ 26,885.47</u>	<u>(5,695.00)</u>	<u>32,036.40</u>	<u>\$ 5,150.93</u>
Fund Balance at Beginning of Year				<u>61,219.05</u>	
Fund Balance at End of Year				<u>\$ 93,255.45</u>	

The accompanying notes are an integral part of the financial statements

Additional Supplemental Information

Gore Township
General Fund
Schedule of Revenues
For the Year Ended March 31, 2008

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Current Tax Levy	\$ 15,035.88	\$ 13,911.00	\$ 1,124.88
Fire Protection	9,360.29	8,928.00	432.29
Road Tax Levy	35,105.49	34,577.00	528.49
Licenses and Permits	0.00	870.00	(870.00)
Delinquent Taxes	0.00	925.00	(925.00)
Sales Tax	9,562.00	9,562.00	0.00
Trash Pickup	24,065.76	23,400.00	665.76
Miscellaneous	1,283.31	413.00	870.31
Interest Income	<u>2,173.09</u>	<u>212.00</u>	<u>1,961.09</u>
Total Revenues	<u>\$ 96,585.82</u>	<u>\$ 92,798.00</u>	<u>3,787.82</u>

The accompanying notes are an integral part of the financial statements

Gore Township
General Fund
Schedule of Expenditures
For the Year Ended March 31, 2008

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
General Government			
Trustees Salary	\$ 633.22	\$ 633.22	\$ 0.00
Board of Review	337.50	312.00	(25.50)
Supervisors Salary	2,321.72	2,321.72	0.00
Election Salary	1,090.63	1,100.00	9.37
Clerk Salary	2,821.71	2,711.16	(110.55)
Treasurer Salary	4,643.43	4,643.43	0.00
Assessor Salary	3,307.50	3,205.00	(102.50)
Total General Government	<u>\$ 15,155.71</u>	<u>\$ 14,926.53</u>	<u>(229.18)</u>
Public Safety			
Ambulance Service	\$ 417.00	\$ 450.00	\$ 33.00
Fire Department	5,562.83	5,600.00	37.17
Total Public Safety	<u>\$ 5,979.83</u>	<u>\$ 6,050.00</u>	<u>70.17</u>
Public Works			
Highways and Streets	\$ 11,527.56	\$ 11,600.00	\$ 72.44
Repairs and Maintenance	96.00	100.00	4.00
Total Public Works	<u>\$ 11,623.56</u>	<u>\$ 11,700.00</u>	<u>76.44</u>
Other			
Taxes - Social Security	\$ 1,103.93	\$ 2,210.00	\$ 1,106.07
Office Supplies	1,602.87	1,603.00	0.13
Insurance	3,038.00	3,050.00	12.00
Dues and Publications	197.40	200.00	2.60
Miscellaneous	565.53	870.00	304.47
Utilities	938.23	940.00	1.77
Travel and Conferences	713.00	713.00	0.00
Garbage Collections Expense	23,631.36	23,650.00	18.64
Total Other	<u>\$ 31,790.32</u>	<u>\$ 33,236.00</u>	<u>1,445.68</u>
Capital Outlay			
Total Expenditures	<u>\$ 64,549.42</u>	<u>\$ 65,912.53</u>	<u>\$ 1,363.11</u>

The accompanying notes are an integral part of the financial statements

Gore Township
Agency Fund
Statement of Changes in Assets and Liabilities
March 31, 2008

Tax Collection Fund

	<u>Balance</u> <u>Beginning of Year</u>		<u>Additons</u>	<u>Deductions</u>	<u>Balance</u> <u>End of Year</u>
Assets					
Cash	\$ 0.00		413,023.46	413,023.46	\$ 0.00
Liabilities					
Due to General Fund	\$ 0.00	\$	79,062.78	\$ 79,062.78	\$ 0.00
Due to County	0.00		66,627.51	66,627.51	0.00
Due to Schools	0.00		267,333.17	267,333.17	0.00
	\$ 0.00	\$	413,023.46	\$ 413,023.46	\$ 0.00

The accompanying notes are an integral part of the financial statements



MIDWEST ACCOUNTING, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

101 N. Port Crescent
Bad Axe, Michigan 48413
(989) 269-9966 • Fax (989) 269-6780
<http://www.mwaccounting.com> • mwa@mwaccounting.com

September 18, 2008

To the Board of Directors
Gore Township
Pochert Road
Port Hope, MI 48468

During the course of our audit of Gore Township for the year ended March 31, 2008, we noted some discrepancies related to the payroll reporting and related expenses. They are as follows:

1. The gross amount of payroll listed on the cash disbursements ledger did not agree with the amounts reported on the quarterly payroll reports. Attached is a copy of our payroll reconciliation.
2. The amount of salary expense as listed on the annual summary reflects net payroll vs. gross payroll. The employee withholding for social security and medicare were included in the payroll tax expense.

The payroll tax expense should only reflect the employer's portion of payroll taxes due. The amounts withheld from employee's payroll checks should be included in the gross wage expense (i.e. gross wage expense should reflect gross pay before any payroll deductions).

We have made the necessary adjustments to properly reflect the correct gross payroll and related tax expense for the year ended March 31, 2008. In the future you may want to break out the tax deposit on your cash disbursements ledger between the employer portion and employee portion.

If you have any questions, or would like to discuss them in more detail, please call.

Very truly yours,

Midwest Accounting, P.C.